



STATE OF WASHINGTON

OFFICE OF FINANCIAL MANAGEMENT

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June 11, 2004

TO: Mark Emmert, President
University of Washington

FROM: Marty Brown, Director *MB*

SUBJECT: ADDITIONAL INSTRUCTIONS FOR AGENCY BUDGET SUBMITTALS

The Priorities of Government (POG) Results Teams recently completed work on the high-level purchase strategies that they believe will best achieve statewide results. As part of this effort, Teams also made suggestions about specific analyses and initiatives that will help them in the fall when they reconvene to produce detailed purchase plans for implementation of proposed strategies. Because Results Teams will be reviewing agency budget requests for activities that can be included in these purchase plans, we are communicating their ideas to you as you prepare your budgets.

Although the state is not facing quite the same fiscal challenges that generated the initial Priorities of Government process in 2002, initial estimates for 2005-07 indicate a \$700 million shortfall between forecasted state General Fund (GFS) revenues and the cost of continuing current GFS-funded services. The POG budget approach helps us focus on core services that contribute the most toward statewide results. This, in turn, provides a framework for OFM decisions and budget recommendations to the Governor.

High-Level Strategies will Guide Budget Decisions

We strongly urge your consideration of the information contained in this memo as you develop your agency budget proposal.

1. You will find enclosed a list of the high-level indicators of success and the purchase strategies recommended for each statewide result. This information is the investment criteria that Results Teams will use to create their purchase recommendations. Review the indicators and strategies for all 11 results and focus on areas that you believe can be influenced with activities in your agency. For example, if your budget includes activities that affect indicators in Result #4 (Improve Health) because they contribute to the statewide strategy of "mitigating environmental hazards," then your budget should help make that connection for the Results Team.

A summary is provided in this memo, but we encourage you to read the full reports of the Teams, particularly those prepared for Tollgate #2, to understand the context in which these recommendations were made. The reports are available at <http://www.ofm.wa.gov/budget/pog/teamreports.htm>.

2. For some agencies, there are recommended initiatives or research projects listed at the end of this memo. This means one or more Results Teams indicated interest in these ideas and are asking for additional information before they complete their purchase plan recommendation in the fall.
3. The Teams also suggested criteria that agencies could use to assess the activities they propose for funding. As you determine your budget request, we recommend you address these questions in your deliberations:
 - Are there options for earlier, preventative interventions as alternatives to more expensive services later?
 - Are those options evidence-based or supported by research as to their effectiveness toward the intended result?
 - Are we paying the right price for the services delivered?
 - Are activities properly coordinated for maximum effect?
 - Do activities have explicit outcomes and measures of performance?
 - Are there opportunities for outcome-based contracts?

Additional Information Requested for the Budget Submittal

OFM has selected a number of the recommendations mentioned in the team reports to be completed as part of the budget development process. We ask that your agency submit the following information, either as part of your budget request, as an addendum to your budget submittal, or as a separate submittal on the date indicated.

1. Maximize facilities utilization – Evening and weekend classes and other strategies to expand the academic calendar allow institutions to serve additional students within existing capital resources. We are interested in seeing proposals that explore opportunities to utilize existing physical capacity not only within the institution, but also in other public or private buildings (i.e., public high schools, private or community facilities).
2. Improve faculty recruitment and retention – Attracting and retaining quality faculty is vital to providing quality programs. A number of factors can influence an institution's ability to attract quality candidates, including the candidate's experience and familiarity with the hiring institution. By increasing advanced degree production, the state could take advantage of new opportunities to "grow their own" faculty, which could provide the state with an important advantage as they compete for the best and the brightest faculty. We are requesting that the HECB work with the institutions to explore this and other innovative strategies to improve faculty recruitment and retention.
3. Programmatic student funding levels - Because all students within an institution get the same level of per-student funding support, there could be a financial incentive for institutions to emphasize low-cost programs rather than high-cost programs. Many of the high need programs, like nursing and engineering, are also high-cost programs. This results in an increasing challenge (given tight fiscal environment) for colleges to train workers in high demand occupations such as health care and high-tech. We are requesting that the HECB and the SBCTC work with the colleges and universities to provide information about the costs to educate students in various program areas.

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4. Improve student retention and graduation rates – While we recognize that our colleges and universities already emphasize student retention and progress to degree, we are interested in exploring opportunities for improvement in these areas. We are requesting that the colleges and universities provide a status report of ongoing efforts to improve student retention and graduation rates. Please provide proposals to enhance efforts in the following areas:
 - Timely availability of prerequisites and required coursework
 - Mentoring and counseling
 - Other strategies as identified by the institution
5. Design an initiative for supporting innovation in energy, environmental, and/or health care that create jobs while contributing to other important POG outcomes. The Department of Community, Trade and Economic Development should take the lead in this effort, in coordination with the research universities, the Utilities and Transportation Commission, the Department of Health and the Department of Ecology.

If you have questions about any of these recommendations, please consult your assigned OFM Budget Analyst, who will then coordinate assistance with the appropriate Results Team.

Finally, I want to thank all of you for your energy and dedication as we head into another round of POG. Your efforts are critical to its success, and I know from experience that I can count on you.

Attachment

cc: Agency Budget Director